

108TH CONGRESS
1ST SESSION

S. _____

IN THE SENATE OF THE UNITED STATES

Mr. JEFFORDS introduced the following bill; which was read twice and referred to the Committee on _____

A BILL

To initiate responsible Federal actions that will reduce the risks from global warming and climate change to the economy, the environment, and quality of life, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Global Climate Security Act of 2003”.

6 (b) TABLE OF CONTENTS.—The table of contents of
7 this Act is as follows:

Sec. 1. Short title; table of contents.
Sec. 2. Definition of Convention.

TITLE I—SENSE OF THE SENATE ON CLIMATE CHANGE ACTION

2

Sec. 101. Sense of the Senate on climate change action.

TITLE II—NATIONAL GREENHOUSE GAS EMISSIONS INVENTORY
AND REGISTRY

Sec. 201. Short title.

Sec. 202. Findings and purpose.

Sec. 203. Greenhouse gas emissions.

TITLE III—UNITED STATES RE-ENGAGEMENT IN INTERNATIONAL
EFFORTS TO REDUCE GREENHOUSE GAS EMISSIONS

Sec. 301. United States re-engagement in international efforts to reduce greenhouse gas emissions.

TITLE IV—RIO AGREEMENT COMMISSION

Sec. 401. Short title.

Sec. 402. Findings.

Sec. 403. Definitions.

Sec. 404. Establishment of Commission.

Sec. 405. Duties.

Sec. 406. Powers.

Sec. 407. Commission personnel matters.

Sec. 408. Plan for minimizing impacts of climate change.

Sec. 409. Authorization of appropriations.

Sec. 410. Termination of Commission.

TITLE V—MISCELLANEOUS

Sec. 501. National assessment of climate change impacts.

Sec. 502. Review of emission reduction policies and measures.

Sec. 503. Climate change in environmental impact statements.

Sec. 504. Federal Government greenhouse gas emissions goal.

Sec. 505. Corporate environmental disclosure of climate change risks.

Sec. 506. Methodology for determining greenhouse gas emissions from imports;
review of trade and innovation effects.

Sec. 507. Grants for reduction of greenhouse gas emissions.

Sec. 508. Report on modifications to revenue statutes.

1 **SEC. 2. DEFINITION OF CONVENTION.**

2 In this Act, the term “Convention” means the United
3 Nations Framework Convention on Climate Change, done
4 at New York on May 9, 1992.

1 **TITLE I—SENSE OF THE SENATE**
2 **ON CLIMATE CHANGE ACTION**

3 **SEC. 101. SENSE OF THE SENATE ON CLIMATE CHANGE AC-**
4 **TION.**

5 (a) FINDINGS.—Based on the scientific evidence and
6 the advice and conclusions of the National Academy of
7 Sciences, the Intergovernmental Panel on Climate Change,
8 and the National Assessment of the Potential Con-
9 sequences of Climate Variability and Change prepared
10 under the Global Change Research Act of 1990 (15 U.S.C.
11 2921 et seq.), Congress finds that the many risks to the
12 United States and the world from global warming and cli-
13 mate change are substantial and require immediate atten-
14 tion.

15 (b) SENSE OF THE SENATE.—It is the sense of the
16 Senate that—

17 (1) the President and Congress should make re-
18 ducing and preparing for the risks of global climate
19 change a higher priority;

20 (2) the President should reorient the recently
21 announced climate research plan away from a focus
22 on whether climate change is occurring toward ac-
23 tively achieving the commitments of the United
24 States under the Convention;

1 (3) such a plan should gather adequate infor-
2 mation on policies and strategies that the United
3 States should embrace—

4 (A) to expeditiously and most cost-effec-
5 tively reduce greenhouse gas emissions;

6 (B) to limit the adverse property, eco-
7 nomic, food supply, ecosystem, and public
8 health impacts of global warming and climate
9 change;

10 (C) to reduce the uncertainty associated
11 with those negative impacts and the timing of
12 those negative impacts; and

13 (D) to develop an early warning system of
14 biological and ecological indicators that will pro-
15 vide sufficient advance notice of catastrophic or
16 dramatic climate system alterations so that de-
17 veloped and developing countries can prepare
18 for and respond to regional, national, and local
19 disasters;

20 (4) the President should resume support for,
21 and Congress should pass, legislation that will re-
22 quire reductions in carbon dioxide, a major green-
23 house gas, and other damaging pollutants emitted by
24 electric power plants; and

1 (5) as largest emitter of greenhouse gases in
2 the world, the United States should be the world
3 leader in—

4 (A) creating and promoting emission-re-
5 ducing technologies and clean energy sources;
6 and

7 (B) funding domestic and international
8 programs and projects to reduce emissions.

9 **TITLE II—NATIONAL GREEN-**
10 **HOUSE GAS EMISSIONS IN-**
11 **VENTORY AND REGISTRY**

12 **SEC. 201. SHORT TITLE.**

13 This title may be cited as the “National Greenhouse
14 Gas Emissions Inventory and Registry Act of 2003”.

15 **SEC. 202. FINDINGS AND PURPOSE.**

16 (a) FINDINGS.—Congress finds that—

17 (1) human activities have caused rapid in-
18 creases in atmospheric concentrations of carbon di-
19 oxide and other greenhouse gases in the last century;

20 (2) according to the Intergovernmental Panel
21 on Climate Change and the National Research
22 Council—

23 (A) the Earth has warmed in the last cen-
24 tury; and

1 (B) the majority of the observed warming
2 is attributable to human activities;

3 (3) despite the fact that many uncertainties in
4 climate science remain, the potential impacts from
5 human-induced climate change pose a substantial
6 risk that should be managed in a responsible man-
7 ner; and

8 (4) to begin to manage climate change risks,
9 public and private entities will need a comprehen-
10 sive, accurate inventory, registry, and information
11 system of the sources and quantities of United
12 States greenhouse gas emissions.

13 (b) PURPOSE.—The purpose of this title is to estab-
14 lish a mandatory greenhouse gas inventory, registry, and
15 information system that—

16 (1) is complete, consistent, transparent, and ac-
17 curate;

18 (2) will create accurate data that can be used
19 by public and private entities to design efficient and
20 effective greenhouse gas emission reduction strate-
21 gies; and

22 (3) will encourage greenhouse gas emission re-
23 ductions.

1 **SEC. 203. GREENHOUSE GAS EMISSIONS.**

2 The Clean Air Act (42 U.S.C. 1701 et seq.) is amend-
3 ed by adding at the end the following:

4 **“TITLE VII—GREENHOUSE GAS**
5 **EMISSIONS**

6 **“SEC. 701. DEFINITIONS.**

7 “In this title:

8 “(1) COVERED ENTITY.—The term ‘covered en-
9 tity’ means an entity that emits more than a thresh-
10 old quantity of greenhouse gas emissions.

11 “(2) DIRECT EMISSIONS.—The term ‘direct
12 emissions’ means greenhouse gas emissions from a
13 source that is owned or controlled by an entity.

14 “(3) ENTITY.—The term ‘entity’ includes a
15 firm, a corporation, an association, a partnership,
16 and a Federal agency.

17 “(4) GREENHOUSE GAS.—The term ‘greenhouse
18 gas’ means—

19 “(A) carbon dioxide;

20 “(B) methane;

21 “(C) nitrous oxide;

22 “(D) hydrofluorocarbons;

23 “(E) perfluorocarbons; and

24 “(F) sulfur hexafluoride.

1 “(5) GREENHOUSE GAS EMISSIONS.—The term
2 ‘greenhouse gas emissions’ means emissions of a
3 greenhouse gas, including—

4 “(A) stationary combustion source emis-
5 sions, which are emitted as a result of combus-
6 tion of fuels in stationary equipment such as
7 boilers, furnaces, burners, turbines, heaters, in-
8 cinerators, engines, flares, and other similar
9 sources;

10 “(B) process emissions, which consist of
11 emissions from chemical or physical processes
12 other than combustion;

13 “(C) fugitive emissions, which consist of
14 intentional and unintentional emissions from—

15 “(i) equipment leaks such as joints,
16 seals, packing, and gaskets; and

17 “(ii) piles, pits, cooling towers, and
18 other similar sources; and

19 “(D) mobile source emissions, which are
20 emitted as a result of combustion of fuels in
21 transportation equipment such as automobiles,
22 trucks, trains, airplanes, and vessels.

23 “(6) GREENHOUSE GAS EMISSIONS RECORD.—
24 The term ‘greenhouse gas emissions record’ means
25 all of the historical greenhouse gas emissions and

1 project reduction data submitted by an entity under
2 this title, including any adjustments to such data
3 under section 704(c).

4 “(7) GREENHOUSE GAS REPORT.—The term
5 ‘greenhouse gas report’ means an annual list of the
6 greenhouse gas emissions of an entity and the
7 sources of those emissions.

8 “(8) INDIRECT EMISSIONS.—The term ‘indirect
9 emissions’ means greenhouse gas emissions that are
10 a consequence of the activities of an entity but that
11 are emitted from sources owned or controlled by an-
12 other entity.

13 “(9) NATIONAL GREENHOUSE GAS EMISSIONS
14 INFORMATION SYSTEM.—The term ‘national green-
15 house gas emissions information system’ means the
16 information system established under section 702(a).

17 “(10) NATIONAL GREENHOUSE GAS EMISSIONS
18 INVENTORY.—The term ‘national greenhouse gas
19 emissions inventory’ means the national inventory of
20 greenhouse gas emissions established under section
21 705.

22 “(11) NATIONAL GREENHOUSE GAS REG-
23 ISTRY.—The term ‘national greenhouse gas registry’
24 means the national greenhouse gas registry estab-
25 lished under section 703(a).

1 “(12) PROJECT REDUCTION.—The term
2 ‘project reduction’ means—

3 “(A) a greenhouse gas emission reduction
4 achieved by carrying out a greenhouse gas
5 emission reduction project; and

6 “(B) sequestration achieved by carrying
7 out a sequestration project.

8 “(13) REPORTING ENTITY.—The term ‘report-
9 ing entity’ means an entity that reports to the Ad-
10 ministrator under subsection (a) or (b) of section
11 704.

12 “(14) SEQUESTRATION.—The term ‘sequestra-
13 tion’ means the long-term separation, isolation, or
14 removal of greenhouse gases from the atmosphere,
15 including through a biological or geologic method
16 such as reforestation or an underground reservoir.

17 “(15) THRESHOLD QUANTITY.—The term
18 ‘threshold quantity’ means a threshold quantity for
19 mandatory greenhouse gas reporting established by
20 the Administrator under section 704(a)(3).

21 “(16) VERIFICATION.—The term ‘verification’
22 means the objective and independent assessment of
23 whether a greenhouse gas report submitted by a re-
24 porting entity accurately reflects the greenhouse gas
25 impact of the reporting entity.

1 **“SEC. 702. NATIONAL GREENHOUSE GAS EMISSIONS INFOR-**
2 **MATION SYSTEM.**

3 “(a) ESTABLISHMENT.—In consultation with the
4 Secretary of Commerce, the Secretary of Agriculture, the
5 Secretary of Energy, States, the private sector, and non-
6 governmental organizations concerned with establishing
7 standards for reporting of greenhouse gas emissions, the
8 Administrator shall establish and administer a national
9 greenhouse gas emissions information system to collect in-
10 formation reported under section 704(a).

11 “(b) SUBMISSION TO CONGRESS OF DRAFT DE-
12 SIGN.—Not later than 180 days after the date of enact-
13 ment of this title, the Administrator shall submit to Con-
14 gress a draft design of the national greenhouse gas emis-
15 sions information system.

16 “(c) AVAILABILITY OF DATA TO THE PUBLIC.—The
17 Administrator shall publish all information in the national
18 greenhouse gas emissions information system through the
19 website of the Environmental Protection Agency, except
20 in any case in which publishing the information would re-
21 veal a trade secret or disclose information vital to national
22 security.

23 “(d) RELATIONSHIP TO OTHER GREENHOUSE GAS
24 REGISTRIES.—To the extent practicable, the Adminis-
25 trator shall ensure coordination between the national
26 greenhouse gas emissions information system and existing

1 and developing Federal, regional, and State greenhouse
2 gas registries.

3 “(e) INTEGRATION WITH OTHER ENVIRONMENTAL
4 INFORMATION.—To the extent practicable, the Adminis-
5 trator shall integrate information in the national green-
6 house gas emissions information system with other envi-
7 ronmental information managed by the Administrator.

8 **“SEC. 703. NATIONAL GREENHOUSE GAS REGISTRY.**

9 “(a) ESTABLISHMENT.—In consultation with the
10 Secretary of Commerce, the Secretary of Agriculture, the
11 Secretary of Energy, States, the private sector, and non-
12 governmental organizations concerned with establishing
13 standards for reporting of greenhouse gas emissions, the
14 Administrator shall establish and administer a national
15 greenhouse gas registry to collect information reported
16 under section 704(b).

17 “(b) AVAILABILITY OF DATA TO THE PUBLIC.—The
18 Administrator shall publish all information in the national
19 greenhouse gas registry through the website of the Envi-
20 ronmental Protection Agency, except in any case in which
21 publishing the information would reveal a trade secret or
22 disclose information vital to national security.

23 “(c) RELATIONSHIP TO OTHER GREENHOUSE GAS
24 REGISTRIES.—To the maximum extent feasible and prac-
25 ticable, the Administrator shall ensure coordination be-

1 tween the national greenhouse gas registry and existing
2 and developing Federal, regional, and State greenhouse
3 gas registries.

4 “(d) INTEGRATION WITH OTHER ENVIRONMENTAL
5 INFORMATION.—To the maximum extent practicable, the
6 Administrator shall integrate all information in the na-
7 tional greenhouse gas registry with other environmental
8 information collected by the Administrator.

9 **“SEC. 704. REPORTING.**

10 “(a) MANDATORY REPORTING TO NATIONAL GREEN-
11 HOUSE GAS EMISSIONS INFORMATION SYSTEM.—

12 “(1) INITIAL REPORTING REQUIREMENTS.—

13 “(A) IN GENERAL.—Not later than April
14 30, 2004, in accordance with this paragraph
15 and the regulations promulgated under section
16 706(e)(1), each covered entity shall submit to
17 the Administrator, for inclusion in the national
18 greenhouse gas emissions information system,
19 the greenhouse gas report of the covered entity
20 with respect to—

21 “(i) calendar year 2003; and

22 “(ii) each greenhouse gas emitted by
23 the covered entity in an amount that ex-
24 ceeds the applicable threshold quantity.

1 “(B) REQUIRED ELEMENTS.—Each green-
2 house gas report submitted under subparagraph
3 (A)—

4 “(i) shall include estimates of direct
5 stationary combustion source emissions;

6 “(ii) shall express greenhouse gas
7 emissions in metric tons of the carbon di-
8 oxide equivalent of each greenhouse gas
9 emitted;

10 “(iii) shall specify the sources of
11 greenhouse gas emissions that are included
12 in the greenhouse gas report;

13 “(iv) shall be reported on an entity-
14 wide basis and on a facility-wide basis; and

15 “(v) to the maximum extent prac-
16 ticable, shall be reported electronically to
17 the Administrator in such form as the Ad-
18 ministrator may require.

19 “(C) METHOD OF REPORTING OF ENTITY-
20 WIDE EMISSIONS.—Under subparagraph
21 (B)(iv), entity-wide emissions shall be reported
22 on the bases of financial control and equity
23 share in a manner consistent with the financial
24 reporting practices of the covered entity.

25 “(2) FINAL REPORTING REQUIREMENTS.—

1 “(A) IN GENERAL.—Not later than April
2 30, 2005, and each April 30 thereafter (except
3 as provided in subparagraph (B)(vii)), in ac-
4 cordance with this paragraph and the regula-
5 tions promulgated under section 706(e)(2), each
6 covered entity shall submit to the Administrator
7 the greenhouse gas report of the covered entity
8 with respect to—

9 “(i) the preceding calendar year; and

10 “(ii) each greenhouse gas emitted by
11 the covered entity in an amount that ex-
12 ceeds the applicable threshold quantity.

13 “(B) REQUIRED ELEMENTS.—Each green-
14 house gas report submitted under subparagraph
15 (A) shall include—

16 “(i) the required elements specified in
17 paragraph (1);

18 “(ii) estimates of indirect emissions
19 from imported electricity, heat, and steam;

20 “(iii) estimates of process emissions
21 described in section 701(5)(B);

22 “(iv) estimates of fugitive emissions
23 described in section 701(5)(C);

24 “(v) estimates of mobile source emis-
25 sions described in section 701(5)(D), in

1 such form as the Administrator may re-
2 quire;

3 “(vi) in the case of a covered entity
4 that is a forest product entity, estimates of
5 direct stationary source emissions, includ-
6 ing emissions resulting from combustion of
7 biomass;

8 “(vii) in the case of a covered entity
9 that owns more than 250,000 acres of
10 timberland, estimates, by State, of the tim-
11 ber and carbon stocks of the covered enti-
12 ty, which estimates shall be updated every
13 5 years; and

14 “(viii) a description of any adjust-
15 ments to the greenhouse gas emissions
16 record of the covered entity under sub-
17 section (c).

18 “(3) ESTABLISHMENT OF THRESHOLD QUAN-
19 TITIES.—For the purpose of reporting under this
20 subsection, the Administrator shall establish thresh-
21 old quantities of emissions for each combination of
22 a source and a greenhouse gas that is subject to the
23 mandatory reporting requirements under this sub-
24 section.

1 “(b) VOLUNTARY REPORTING TO NATIONAL GREEN-
2 HOUSE GAS REGISTRY.—

3 “(1) IN GENERAL.—Not later than April 30,
4 2004, and each April 30 thereafter, in accordance
5 with this subsection and the regulations promulgated
6 under section 706(f), an entity may voluntarily re-
7 port to the Administrator, for inclusion in the na-
8 tional greenhouse gas registry, with respect to the
9 preceding calendar year and any greenhouse gas
10 emitted by the entity—

11 “(A) project reductions;

12 “(B) transfers of project reductions to and
13 from any other entity;

14 “(C) project reductions and transfers of
15 project reductions outside the United States;

16 “(D) indirect emissions that are not re-
17 quired to be reported under subsection
18 (a)(2)(B)(ii) (such as product transport, waste
19 disposal, product substitution, travel, and em-
20 ployee commuting); and

21 “(E) product use phase emissions.

22 “(2) TYPES OF ACTIVITIES.—Under paragraph
23 (1), an entity may report activities that reduce
24 greenhouse gas emissions or sequester a greenhouse
25 gas, including—

- 1 “(A) fuel switching;
2 “(B) energy efficiency improvements;
3 “(C) use of renewable energy;
4 “(D) use of combined heat and power sys-
5 tems;
6 “(E) management of cropland, grassland,
7 and grazing land;
8 “(F) forestry activities that increase car-
9 bon stocks;
10 “(G) carbon capture and storage;
11 “(H) methane recovery; and
12 “(I) carbon offset investments.

13 “(c) ADJUSTMENT FACTORS.—

14 “(1) IN GENERAL.—Each reporting entity shall
15 adjust the greenhouse gas emissions record of the
16 reporting entity in accordance with this subsection.

17 “(2) SIGNIFICANT STRUCTURAL CHANGES.—

18 “(A) IN GENERAL.—A reporting entity
19 that experiences a significant structural change
20 in the organization of the reporting entity (such
21 as a merger, major acquisition, or divestiture)
22 shall adjust its greenhouse gas emissions record
23 for preceding years so as to maintain year-to-
24 year comparability.

1 “(B) MID-YEAR CHANGES.—In the case of
2 a reporting entity that experiences a significant
3 structural change described in subparagraph
4 (A) during the middle of a year, the greenhouse
5 gas emissions record of the reporting entity for
6 preceding years shall be adjusted on a pro-rata
7 basis.

8 “(3) CALCULATION CHANGES AND ERRORS.—
9 The greenhouse gas emissions record of a reporting
10 entity for preceding years shall be adjusted for—

11 “(A) changes in calculation methodologies;

12 or

13 “(B) errors that significantly affect the
14 quantity of greenhouse gases in the greenhouse
15 gas emissions record.

16 “(4) ORGANIZATIONAL GROWTH OR DECLINE.—
17 The greenhouse gas emissions record of a reporting
18 entity for preceding years shall not be adjusted for
19 any organizational growth or decline of the reporting
20 entity such as—

21 “(A) an increase or decrease in production
22 output;

23 “(B) a change in product mix;

24 “(C) a plant closure; and

25 “(D) the opening of a new plant.

1 “(5) EXPLANATIONS OF ADJUSTMENTS.—A re-
2 porting entity shall explain, in a statement included
3 in the greenhouse gas report of the reporting entity
4 for a year—

5 “(A) any significant adjustment in the
6 greenhouse gas emissions record of the report-
7 ing entity; and

8 “(B) any significant change between the
9 greenhouse gas emissions record for the pre-
10 ceding year and the greenhouse gas emissions
11 reported for the current year.

12 “(d) QUANTIFICATION AND VERIFICATION PROTO-
13 COLS AND TOOLS.—

14 “(1) IN GENERAL.—The Administrator and the
15 Secretary of Commerce, the Secretary of Agri-
16 culture, and the Secretary of Energy shall jointly
17 work with the States, the private sector, and non-
18 governmental organizations to develop—

19 “(A) protocols for quantification and
20 verification of greenhouse gas emissions;

21 “(B) electronic methods for quantification
22 and reporting of greenhouse gas emissions; and

23 “(C) greenhouse gas accounting and re-
24 porting standards.

1 “(2) BEST PRACTICES.—The protocols and
2 methods developed under paragraph (1) shall con-
3 form, to the maximum extent practicable, to the best
4 practice protocols that have the greatest support of
5 experts in the field.

6 “(3) INCORPORATION INTO REGULATIONS.—
7 The Administrator shall incorporate the protocols
8 developed under paragraph (1)(A) into the regula-
9 tions promulgated under section 706.

10 “(4) OUTREACH PROGRAM.—The Adminis-
11 trator, the Secretary of Commerce, the Secretary of
12 Agriculture, and the Secretary of Energy shall joint-
13 ly conduct an outreach program to provide informa-
14 tion to all reporting entities and the public on the
15 protocols and methods developed under this sub-
16 section.

17 “(e) VERIFICATION.—

18 “(1) PROVISION OF INFORMATION BY REPORT-
19 ING ENTITIES.—Each reporting entity shall provide
20 information sufficient for the Administrator to
21 verify, in accordance with greenhouse gas accounting
22 and reporting standards developed under subsection
23 (d)(1)(C), that the greenhouse gas report of the re-
24 porting entity—

25 “(A) has been accurately reported; and

1 “(B) in the case of each project reduction,
2 represents actual reductions in greenhouse gas
3 emissions or actual increases in net sequestra-
4 tion, as applicable.

5 “(2) INDEPENDENT THIRD-PARTY
6 VERIFICATION.—A reporting entity may—

7 “(A) obtain independent third-party
8 verification; and

9 “(B) present the results of the third-party
10 verification to the Administrator for consider-
11 ation by the Administrator in carrying out
12 paragraph (1).

13 “(f) ENFORCEMENT.—The Administrator may bring
14 a civil action in United States district court against a cov-
15 ered entity that fails to comply with subsection (a), or a
16 regulation promulgated under section 706(e), to impose a
17 civil penalty of not more than \$25,000 for each day that
18 the failure to comply continues.

19 **“SEC. 705. NATIONAL GREENHOUSE GAS EMISSIONS INVEN-**
20 **TORY.**

21 “Not later than April 30, 2003, and each April 30
22 thereafter, the Administrator shall publish a national
23 greenhouse gas emissions inventory that includes—

1 “(1) comprehensive estimates of the quantity of
2 United States greenhouse gas emissions for the sec-
3 ond preceding calendar year, including—

4 “(A) for each greenhouse gas, an estimate
5 of the quantity of emissions contributed by each
6 key source category;

7 “(B) a detailed analysis of trends in the
8 quantity, composition, and sources of United
9 States greenhouse gas emissions; and

10 “(C) a detailed explanation of the method-
11 ology used in developing the national green-
12 house gas emissions inventory; and

13 “(2) a detailed analysis of the information re-
14 ported to the national greenhouse gas emissions in-
15 formation system and the national greenhouse gas
16 registry.

17 **“SEC. 706. REGULATIONS.**

18 “(a) IN GENERAL.—The Administrator may promul-
19 gate such regulations as are necessary to carry out this
20 title.

21 “(b) BEST PRACTICES.—In developing regulations
22 under this section, the Administrator shall seek to leverage
23 leading protocols for the measurement, accounting, report-
24 ing, and verification of greenhouse gas emissions.

1 “(c) NATIONAL GREENHOUSE GAS EMISSIONS IN-
2 FORMATION SYSTEM.—Not later than January 31, 2004,
3 the Administrator shall promulgate such regulations as
4 are necessary to establish the national greenhouse gas
5 emissions information system.

6 “(d) NATIONAL GREENHOUSE GAS REGISTRY.—Not
7 later than January 31, 2004, the Administrator shall pro-
8 mulgate such regulations as are necessary to establish the
9 national greenhouse gas registry.

10 “(e) MANDATORY REPORTING REQUIREMENTS.—

11 “(1) INITIAL REPORTING REQUIREMENTS.—Not
12 later than January 31, 2004, the Administrator
13 shall promulgate such regulations as are necessary
14 to implement the initial mandatory reporting re-
15 quirements under section 704(a)(1).

16 “(2) FINAL REPORTING REQUIREMENTS.—Not
17 later than January 31, 2005, the Administrator
18 shall promulgate such regulations as are necessary
19 to implement the final mandatory reporting require-
20 ments under section 704(a)(2).

21 “(f) VOLUNTARY REPORTING PROVISIONS.—Not
22 later than January 31, 2004, the Administrator shall pro-
23 mulgate such regulations and issue such guidance as are
24 necessary to implement the voluntary reporting provisions
25 under section 704(b).

1 “(g) ADJUSTMENT FACTORS.—Not later than Janu-
2 ary 31, 2004, the Administrator shall promulgate such
3 regulations as are necessary to implement the adjustment
4 factors under section 704(c).”.

5 **TITLE III—UNITED STATES RE-**
6 **ENGAGEMENT IN INTER-**
7 **NATIONAL EFFORTS TO RE-**
8 **DUCE GREENHOUSE GAS**
9 **EMISSIONS**

10 **SEC. 301. UNITED STATES RE-ENGAGEMENT IN INTER-**
11 **NATIONAL EFFORTS TO REDUCE GREEN-**
12 **HOUSE GAS EMISSIONS.**

13 (a) FINDINGS.—Congress finds that—

14 (1) evidence continues to mount that increases
15 in atmospheric concentrations of manmade green-
16 house gases are contributing to global climate
17 change;

18 (2) the Intergovernmental Panel on Climate
19 Change has concluded that—

20 (A) “there is new and stronger evidence
21 that most of the warming observed over the last
22 50 years is attributable to human activities”;
23 and

1 (B) the Earth's average temperature can
2 be expected to rise between 2.5 and 10.4 de-
3 grees Fahrenheit in this century;

4 (3) in 2001, the National Academy of Sciences
5 confirmed the findings of the Panel, stating that—

6 (A) “the IPCC's conclusion that most of
7 the observed warming of the last 50 years is
8 likely to have been due to the increase of green-
9 house gas concentrations accurately reflects the
10 current thinking of the scientific community on
11 this issue”; and

12 (B) “there is general agreement that the
13 observed warming is real and particularly
14 strong within the past twenty years”;

15 (4) the Panel has stated that, in the past 40
16 years, the global average sea level has risen, the heat
17 content of the ocean has increased, and snow cover
18 and ice extent have decreased, resulting in the threat
19 of inundation of low-lying island countries and coast-
20 al regions throughout the world;

21 (5) in October 2000, a United States Govern-
22 ment report found that global climate change may
23 harm the United States by—

24 (A) altering crop yields;

1 (B) causing entire ecosystems to dis-
2 appear;

3 (C) accelerating the rise of sea levels; and

4 (D) increasing the spread of tropical infec-
5 tious diseases;

6 (6) in 1992, the United States ratified the Con-
7 vention, the ultimate objective of which is the “sta-
8 bilization of greenhouse gas concentrations in the at-
9 mosphere at a level that would prevent dangerous
10 anthropogenic interference with the climate system.
11 Such a level should be achieved within a time-frame
12 sufficient to allow ecosystems to adapt naturally to
13 climate change, to ensure that food production is not
14 threatened and to enable economic development to
15 proceed in a sustainable manner”;

16 (7) the Convention stated in part that the par-
17 ties to the Convention are to implement policies
18 “with the aim of returning . . . to their 1990 levels
19 these anthropogenic emissions of carbon dioxide and
20 other greenhouse gases” under the principle that
21 “[p]olicies and measures . . . should be appropriate
22 for the specific conditions of each Party and should
23 be integrated with national development pro-
24 grammes, taking into account that economic develop-

1 ment is essential for adopting measures to address
2 climate change”;

3 (8) there is a shared international responsibility
4 to address the problem of climate change, since—

5 (A) industrial countries are the largest his-
6 toric and current emitters of greenhouse gases;
7 and

8 (B) the emissions of developing countries
9 will significantly increase in the future;

10 (9) the Convention further stated that—

11 (A) “developed country Parties should take
12 the lead in combating climate change and the
13 adverse effects thereof”, as those countries are
14 the largest historic and current emitters of
15 greenhouse gases; and

16 (B) “steps required to understand and ad-
17 dress climate change will be environmentally,
18 socially and economically most effective if they
19 are based on relevant scientific, technical and
20 economic considerations and continually re-eval-
21 uated in the light of new findings in these
22 areas”;

23 (10)(A) Senate Resolution 98 of the 105th Con-
24 gress (which stated that developing countries must
25 also be included in any future, binding climate

1 change treaty and that such a treaty must not result
2 in serious harm to the United States economy)
3 should not cause the United States to abandon its
4 shared responsibility to help reduce the risks and
5 impacts of climate change; and

6 (B) future international efforts in this regard
7 should focus on recognizing the equitable respon-
8 sibilities for addressing climate change by all coun-
9 tries, including commitments by the largest devel-
10 oping country emitters in a future, binding climate
11 change treaty;

12 (11) it is the position of the United States that
13 the United States will not interfere with the plans
14 of any country that chooses to ratify and implement
15 the Kyoto Protocol to the Convention;

16 (12) American businesses need to know how
17 governments worldwide will address the risks of cli-
18 mate change; and

19 (13) the United States benefits from invest-
20 ments in the research, development, and deployment
21 of a range of clean energy and efficiency tech-
22 nologies that can—

23 (A) reduce the risks of climate change and
24 the impacts of climate change; and

1 (B) make the United States economy more
2 productive, bolster energy security, create jobs,
3 and protect the environment.

4 (b) SENSE OF CONGRESS.—It is the sense of Con-
5 gress that the United States should demonstrate inter-
6 national leadership and responsibility in reducing the
7 health, environmental, and economic risks posed by cli-
8 mate change by—

9 (1) taking responsible action to ensure signifi-
10 cant and meaningful reductions in emissions of
11 greenhouse gases from all sectors of the economy;

12 (2) creating flexible international and domestic
13 mechanisms (including joint implementation, tech-
14 nology deployment, tradable credits for emissions re-
15 ductions, and carbon sequestration projects) that
16 will reduce, avoid, and sequester greenhouse gas
17 emissions;

18 (3) complying with the commitments of the
19 United States, including funding obligations, under
20 the Convention; and

21 (4) participating in international negotiations,
22 including putting forward a proposal to the Con-
23 ference of the Parties to the Convention, with the
24 objective of securing United States participation in

1 a future binding climate change treaty in a manner
2 that—

3 (A) is consistent with the environmental
4 objectives of the Convention;

5 (B) protects the economic interests of the
6 United States; and

7 (C) recognizes the shared international re-
8 sponsibility for addressing climate change, in-
9 cluding participation by developing countries.

10 **TITLE IV—RIO AGREEMENT** 11 **COMMISSION**

12 **SEC. 401. SHORT TITLE.**

13 This title may be cited as the “Rio Agreement Com-
14 mission Establishment Act”.

15 **SEC. 402. FINDINGS.**

16 Congress finds that—

17 (1) strong evidence of human-induced global cli-
18 mate change and warming continues to accumulate;

19 (2) an overwhelming majority of the world’s sci-
20 entists believe that anthropogenic sources of green-
21 house gases are contributing to increasing con-
22 centrations of those gases in the atmosphere;

23 (3) in 1992, the United States Senate ratified
24 the Convention, which committed the country to
25 aiming to return greenhouse gas emissions in the

1 United States, individually or jointly with other
2 countries, to 1990 levels by 2000;

3 (4) the United States is now more than 13 per-
4 cent above that target;

5 (5) the United States should exercise strong
6 leadership and expeditiously take reasonable and
7 cost-effective steps to meet its commitment under
8 the Convention;

9 (6) the establishment of an independent com-
10 mission to advise Congress and the Federal Govern-
11 ment would—

12 (A) minimize the effects of partisan poli-
13 tics and help surmount institutional barriers re-
14 lating to meeting that commitment; and

15 (B) allow the United States to make
16 progress on meeting that commitment; and

17 (7) the potential damage to the United States
18 economy and national interests from the inability of
19 critical infrastructure, food production, or natural
20 systems to adapt quickly enough to climate varia-
21 bility or global warming warrants taking action now
22 rather than waiting until the costs of that damage
23 are exorbitant.

24 **SEC. 403. DEFINITIONS.**

25 In this title:

1 (1) COMMISSION.—The term “Commission”
2 means the Commission to Implement the Rio Agree-
3 ment established by section 404.

4 (2) COUNCIL.—The term “Council” means the
5 Council on Environmental Quality.

6 (3) SESSION DAY.—The term “session day”
7 means a day on which both Houses of Congress are
8 in session.

9 **SEC. 404. ESTABLISHMENT OF COMMISSION.**

10 (a) ESTABLISHMENT.—There is established a com-
11 mission to be known as the “Commission to Implement
12 the Rio Agreement”.

13 (b) MEMBERSHIP.—

14 (1) COMPOSITION.—The Commission shall be
15 composed of 11 members, of whom—

16 (A) 3 members shall be appointed by the
17 President;

18 (B) subject to paragraph (4), 4 members
19 shall be appointed by the President pro tempore
20 of the Senate, on the recommendation of the
21 majority and minority leaders of the Senate;
22 and

23 (C) subject to paragraph (4), 4 members
24 shall be appointed by the Speaker of the House

1 of Representatives, in consultation with the mi-
2 nority leader of the House of Representatives.

3 (2) EXPERTISE.—A member of the Commission
4 shall be an expert in a field related to—

5 (A) the science of assessing climate
6 change;

7 (B) the effects of climate change on the
8 United States; or

9 (C) the technological and economic tools
10 necessary to reduce net greenhouse gas emis-
11 sions.

12 (3) PROHIBITION ON FEDERAL GOVERNMENT
13 EMPLOYMENT.—A member of the Commission shall
14 not be an employee of the Federal Government.

15 (4) APPOINTMENTS.—

16 (A) IN GENERAL.—Except as provided in
17 subparagraph (B), a member of the Commis-
18 sion shall be appointed by and with the advice
19 and consent of the Senate.

20 (B) ALTERNATIVE APPOINTMENT.—If the
21 appointment and confirmation by the Senate of
22 at least 7 members of the Commission is not
23 completed by the date that is 45 session days
24 after the date of enactment of this Act, the
25 President shall, on that date, arrange for the

1 National Academy of Sciences or the National
2 Science Foundation to establish and operate the
3 Commission and fulfill the statutory mandate of
4 the Commission.

5 (c) TERM; VACANCIES.—

6 (1) TERM.—A member shall be appointed for
7 the life of the Commission.

8 (2) VACANCIES.—A vacancy on the
9 Commission—

10 (A) shall not affect the powers of the Com-
11 mission; and

12 (B) shall be filled in the same manner as
13 the original appointment was made.

14 (d) INITIAL MEETING.—Not later than 30 days after
15 the date on which 7 members of the Commission have been
16 appointed under subsection (b) or the Commission is oth-
17 erwise established under subsection (b)(4)(B), the Com-
18 mission shall hold the initial meeting of the Commission.

19 (e) MEETINGS.—The Commission shall meet at the
20 call of the Chairperson.

21 (f) QUORUM.—Seven members of the Commission
22 shall constitute a quorum, but a lesser number of members
23 may hold hearings.

1 (g) CHAIRPERSON AND VICE CHAIRPERSON.—The
2 Commission shall select a Chairperson and Vice Chair-
3 person from among the members of the Commission.

4 **SEC. 405. DUTIES.**

5 (a) REVIEW AND REPORT.—

6 (1) REVIEW.—

7 (A) IN GENERAL.—The Commission shall
8 review the measures that are necessary to re-
9 duce net greenhouse gas emissions in the
10 United States, and to the maximum extent pos-
11 sible in the world, below the levels that would
12 otherwise result in a doubling of concentrations
13 of greenhouse gases in the atmosphere from
14 1870 levels.

15 (B) EMPHASIS.—The review under sub-
16 paragraph (A) shall emphasize the need for
17 those countries, like the United States, that
18 have contributed and will contribute most great-
19 ly to the elevated concentrations described in
20 that subparagraph to take the greatest and
21 swiftest steps to reduce emissions in the near
22 term to avert a doubling described in that sub-
23 paragraph.

24 (C) TYPES OF MEASURES.—The measures
25 to be reviewed under subparagraph (A) shall in-

1 clude participation in any global or domestic
2 carbon trading system or other international in-
3 stitution established to achieve global carbon
4 emission reductions.

5 (2) RECOMMENDATIONS.—The Commission
6 shall develop recommendations concerning—

7 (A) the measures described in paragraph
8 (1)(A) that the Commission determines to be
9 appropriate for implementation, giving pref-
10 erence to cost-effective and technologically fea-
11 sible measures that will—

12 (i) produce measurable net reductions
13 in emissions described in paragraph
14 (1)(A); and

15 (ii) minimize any adverse impacts on
16 the economy of the United States; and

17 (B) the text of legislation that would be
18 necessary to effectuate the measures.

19 (3) REPORT.—

20 (A) IN GENERAL.—Not later than June 1,
21 2004, the Commission shall submit to Congress
22 a report that contains—

23 (i) a detailed statement of the find-
24 ings and conclusions of the Commission;
25 and

1 (ii) the recommendations of the Com-
2 mission for such legislation (in specific leg-
3 islative language) and administrative ac-
4 tions as the Commission considers appro-
5 priate.

6 (B) APPROVAL.—The report under sub-
7 paragraph (A) shall be approved by the Com-
8 mission by a majority vote of the members that
9 have been appointed under section 404(b) as of
10 the date of the vote.

11 (b) BUDGET.—

12 (1) SUBMISSION TO CONGRESS.—Not later than
13 30 days after the date of enactment of this Act, the
14 Commission shall submit to Congress and the Presi-
15 dent a proposed budget for the Commission.

16 (2) FUNDING.—The President shall provide,
17 from funds available to Federal agencies, such sums
18 as are necessary to carry out the duties of the Com-
19 mission until the date on which funds are made
20 available under section 409.

21 **SEC. 406. POWERS.**

22 (a) HEARINGS.—The Commission may hold such
23 hearings, sit and act at such times and places, take such
24 testimony, and receive such evidence as the Commission
25 considers advisable to carry out this title.

1 (b) INFORMATION FROM FEDERAL AGENCIES.—

2 (1) IN GENERAL.—The Commission may secure
3 directly from a Federal agency such information as
4 the Commission considers necessary to carry out this
5 title.

6 (2) PROVISION OF INFORMATION.—On request
7 of the Chairperson of the Commission, the head of
8 the agency shall provide the information to the Com-
9 mission.

10 (3) COORDINATION BY COUNCIL ON ENVIRON-
11 MENTAL QUALITY.—The Chairman of the Council on
12 Environmental Quality shall coordinate with the
13 Commission in ensuring that Federal agencies are
14 responsive in assisting the Commission in carrying
15 out its duties under this title.

16 (c) POSTAL SERVICES.—The Commission may use
17 the United States mails in the same manner and under
18 the same conditions as other agencies of the Federal Gov-
19 ernment.

20 (d) GIFTS.—The Commission may accept, use, and
21 dispose of gifts or donations of services or property.

22 **SEC. 407. COMMISSION PERSONNEL MATTERS.**

23 (a) COMPENSATION OF MEMBERS.—A member of the
24 Commission shall be compensated at a rate equal to the
25 daily equivalent of the annual rate of basic pay prescribed

1 for level IV of the Executive Schedule under section 5315
2 of title 5, United States Code, for each day (including
3 travel time) during which the member is engaged in the
4 performance of the duties of the Commission.

5 (b) TRAVEL EXPENSES.—A member of the Commis-
6 sion shall be allowed travel expenses, including per diem
7 in lieu of subsistence, at rates authorized for an employee
8 of an agency under subchapter I of chapter 57 of title
9 5, United States Code, while away from the home or reg-
10 ular place of business of the member in the performance
11 of the duties of the Commission.

12 (c) STAFF.—

13 (1) IN GENERAL.—The Chairperson of the
14 Commission may, without regard to the civil service
15 laws (including regulations), appoint and terminate
16 an executive director and such other additional per-
17 sonnel as are necessary to enable the Commission to
18 perform the duties of the Commission.

19 (2) CONFIRMATION OF EXECUTIVE DIREC-
20 TOR.—The employment of an executive director shall
21 be subject to confirmation by the Commission.

22 (3) COMPENSATION.—

23 (A) IN GENERAL.—Except as provided in
24 subparagraph (B), the Chairperson of the Com-
25 mission may fix the compensation of the execu-

1 tive director and other personnel without regard
2 to the provisions of chapter 51 and subchapter
3 III of chapter 53 of title 5, United States Code,
4 relating to classification of positions and Gen-
5 eral Schedule pay rates.

6 (B) MAXIMUM RATE OF PAY.—The rate of
7 pay for the executive director and other per-
8 sonnel may not exceed the rate payable for level
9 V of the Executive Schedule under section 5316
10 of title 5, United States Code.

11 (d) DETAIL OF FEDERAL GOVERNMENT EMPLOY-
12 EES.—

13 (1) IN GENERAL.—An employee of the Federal
14 Government may be detailed to the Commission
15 without reimbursement.

16 (2) CIVIL SERVICE STATUS.—The detail of the
17 employee shall be without interruption or loss of civil
18 service status or privilege.

19 (e) PROCUREMENT OF TEMPORARY AND INTERMIT-
20 TENT SERVICES.—The Chairperson of the Commission
21 may procure temporary and intermittent services in ac-
22 cordance with section 3109(b) of title 5, United States
23 Code, at rates for individuals that do not exceed the daily
24 equivalent of the annual rate of basic pay prescribed for

1 level V of the Executive Schedule under section 5316 of
2 that title.

3 **SEC. 408. PLAN FOR MINIMIZING IMPACTS OF CLIMATE**
4 **CHANGE.**

5 (a) IN GENERAL.—Not later than October 1, 2004,
6 the Council on Environmental Quality shall develop and
7 submit to Congress a plan for minimizing the risks associ-
8 ated with global warming and climate change to public
9 health and safety, community infrastructure, private prop-
10 erty, biological diversity, ecosystems, and the food supply,
11 as outlined in the national assessment submitted under
12 section 501.

13 (b) REQUIRED ELEMENTS.—The plan shall—

14 (1) include specific legislative recommendations
15 and program funding levels; and

16 (2) emphasize strategies that would not signifi-
17 cantly diminish the quality of life in the United
18 States.

19 (c) CONSULTATION.—In developing the plan, the
20 Council shall consult with—

21 (1) the Committee on Earth and Environmental
22 Sciences established under section 102 of the Global
23 Change Research Act of 1990 (15 U.S.C. 2932);

1 (2) participants in the United States Global
2 Change Research Program established under section
3 103 of that Act (15 U.S.C. 2933);

4 (3) State, local, and tribal governments;

5 (4) other appropriate Federal agencies; and

6 (5) members of the public.

7 **SEC. 409. AUTHORIZATION OF APPROPRIATIONS.**

8 There are authorized to be appropriated to the Com-
9 mission and the Council such sums as are necessary to
10 carry out this title for fiscal years 2003 through 2005,
11 to remain available until expended.

12 **SEC. 410. TERMINATION OF COMMISSION.**

13 The Commission shall terminate 90 days after the
14 date on which the Commission submits the report of the
15 Commission under section 405(a)(3).

16 **TITLE V—MISCELLANEOUS**

17 **SEC. 501. NATIONAL ASSESSMENT OF CLIMATE CHANGE IM-**
18 **PACTS.**

19 (a) IN GENERAL.—Not later than October 1, 2004,
20 and the end of each 4-year period thereafter, the President
21 shall submit to Congress an assessment of the potential
22 negative economic, public health, and environmental im-
23 pacts on the United States associated with global warming
24 and climate change.

1 (b) REQUIRED ELEMENTS.—The assessment under
2 subsection (a) shall—

3 (1) project the possible and the likely effects on
4 the various regions of the United States and sectors
5 of the economy in 2020, 2050, and 2075, using the
6 most probable atmospheric concentrations of green-
7 house gases based on existing emission trends; and

8 (2) address the possible political, economic, and
9 environmental concerns and challenges that may
10 confront the United States because of negative im-
11 pacts associated with global warming and climate
12 change in the United States elsewhere in the world.

13 (c) CONSULTATION.—The assessment shall be con-
14 ducted in broad consultation with the States, local govern-
15 ments, academic institutions, industry, investors, insurers,
16 environmental organizations, planners, infrastructure ex-
17 perts, the public health community, and other relevant en-
18 tities.

19 **SEC. 502. REVIEW OF EMISSION REDUCTION POLICIES AND**
20 **MEASURES.**

21 (a) PUBLICATION.—Not later than March 1, 2004,
22 and annually thereafter, the President shall publish, in ac-
23 cordance with the commitment of the United States under
24 the Convention, a description of each policy, program, and
25 other measure that the United States has adopted or im-

1 plemented in the previous year that is aimed at reducing
2 greenhouse gas emissions to 1990 levels in the United
3 States.

4 (b) REQUIRED ELEMENTS.—The publication under
5 subsection (a) shall include—

6 (1)(A) an identification of each Federal pro-
7 gram designed to result in reductions in greenhouse
8 gas emissions; and

9 (B)(i) the level of funding for the Federal pro-
10 gram for the current fiscal year; and

11 (ii) the level of funding requested for the Fed-
12 eral program for the following fiscal year in the
13 budget of the United States Government submitted
14 by the President for the fiscal year under section
15 1105 of title 31, United States Code; and

16 (2) an evaluation of the ability of each policy,
17 program, and other measure referred to in sub-
18 section (a) to reduce effectively greenhouse gas emis-
19 sions in the short term and the long term.

20 **SEC. 503. CLIMATE CHANGE IN ENVIRONMENTAL IMPACT**
21 **STATEMENTS.**

22 In any case in which a Federal agency prepares an
23 environmental impact statement or similar analysis re-
24 quired under the National Environmental Policy Act of

1 1969 (42 U.S.C. 4321 et seq.), the Federal agency shall
2 consider and evaluate—

3 (1) the impact that the Federal action or
4 project necessitating the statement or analysis will
5 have in terms of net changes in greenhouse gas
6 emissions; and

7 (2) how climate changes may affect the action
8 or project in the short term and the long term.

9 **SEC. 504. FEDERAL GOVERNMENT GREENHOUSE GAS EMIS-**
10 **SIONS GOAL.**

11 (a) ACTIONS.—Not later than January 1, 2004, the
12 President shall take such actions as are necessary, includ-
13 ing preparing and submitting to Congress any necessary
14 statutory changes, to reduce the net greenhouse gas emis-
15 sions of the Federal Government to 1990 levels by 2013,
16 including steps to procure—

17 (1) only highly energy-efficient products, serv-
18 ices, and facilities;

19 (2) electricity generated from renewable
20 sources; and

21 (3) alternative fuel vehicles.

22 (b) REPORT.—The President shall direct the appro-
23 priate Federal agencies to study and submit to Congress,
24 not later than July 1, 2005, a report on the most cost-
25 effective policy options through which the Federal Govern-

1 ment could reduce the net greenhouse gas emissions of
2 the Federal Government to zero by 2025.

3 **SEC. 505. CORPORATE ENVIRONMENTAL DISCLOSURE OF**
4 **CLIMATE CHANGE RISKS.**

5 (a) REGULATIONS BY SECURITIES AND EXCHANGE
6 COMMISSION.—Not later than 2 years after the date of
7 enactment of this Act, the Securities and Exchange Com-
8 mission should promulgate regulations for the purposes of
9 section 13 of the Securities Exchange Act of 1934 (15
10 U.S.C. 78m) directing each issuer of securities under that
11 Act to inform securities investors of the risks relating to—

12 (1) the financial exposure of the issuer due to
13 the net greenhouse gas emissions of the issuer; and

14 (2) the potential economic impacts of global
15 warming on the interests of the issuer.

16 (b) UNIFORM FORMAT FOR DISCLOSURE.—In car-
17 rying out subsection (a), the Securities and Exchange
18 Commission should enter into an agreement with the Fi-
19 nancial Accountings Standards Board, or another appro-
20 priate voluntary standards setting organization, to develop
21 a uniform format for disclosing to securities investors in-
22 formation on the risks described in subsection (a).

23 (c) INTERIM INTERPRETIVE RELEASE.—

24 (1) IN GENERAL.—As soon as practicable after
25 the date of enactment of this Act, the Securities and

1 Exchange Commission should issue an interpretive
2 release clarifying that under items 101 and 303 of
3 Regulation S–K (as in effect on the date of enact-
4 ment of this Act)—

5 (A) the commitments of the United States
6 to reduce emissions of greenhouse gases under
7 the Convention are considered to be a material
8 effect; and

9 (B) global warming constitutes a known
10 trend.

11 (2) PERIOD OF EFFECTIVENESS.—The inter-
12 pretive release issued under paragraph (1) should re-
13 main in effect until the effective date of the final
14 regulations promulgated under subsection (a).

15 **SEC. 506. METHODOLOGY FOR DETERMINING GREEN-**
16 **HOUSE GAS EMISSIONS FROM IMPORTS; RE-**
17 **VIEW OF TRADE AND INNOVATION EFFECTS.**

18 (a) METHODOLOGY.—

19 (1) IN GENERAL.—Not later than January 1,
20 2005, the Secretary of Commerce, in consultation
21 with the United States Trade Representative, the
22 Secretary of the Treasury, the Secretary of Agri-
23 culture, the Secretary of Energy, and the Adminis-
24 trator of the Environmental Protection Agency, shall
25 develop a methodology for determining the green-

1 house gases emitted in the production and delivery
2 of goods and services imported into the United
3 States.

4 (2) LEVEL OF SPECIFICITY.—The methodology
5 developed under paragraph (1) shall be specific
6 enough to provide a basis for the imposition of tar-
7 iffs or import fees in the event that the United
8 States adopts a binding commitment to reduce
9 greenhouse gas emissions and an exporting country
10 does not adopt such a similar commitment, thereby
11 creating a trade disadvantage for United States enti-
12 ties.

13 (b) REVIEW.—Not later than June 1, 2004, and an-
14 nually thereafter, the Secretary of Commerce, in consulta-
15 tion with the United States Trade Representative, the Sec-
16 retary of the Treasury, the Secretary of Agriculture, the
17 Secretary of Energy, and the Administrator of the Envi-
18 ronmental Protection Agency, shall review and report to
19 Congress on the trade, economic, and technology innova-
20 tion effects of any failure on the part of the United States
21 to adopt policies and measures that require or result in
22 reductions in total greenhouse gas emissions in the United
23 States consistent with the goals for the United States
24 under the Convention.

1 **SEC. 507. GRANTS FOR REDUCTION OF GREENHOUSE GAS**
2 **EMISSIONS.**

3 (a) IN GENERAL.—The President, acting through the
4 Secretary of Agriculture, the Secretary of Commerce, the
5 Secretary of Energy, and the Administrator of the Envi-
6 ronmental Protection Agency, may provide grants to
7 States or local governments for the purpose of—

8 (1) preparing, completing, or operating green-
9 house gas data collection, inventory, or trading sys-
10 tems;

11 (2) implementing greenhouse gas emission re-
12 duction or sequestration projects, including pro-
13 grams conducted jointly with industry or nonprofit
14 organizations; and

15 (3) conducting research, long-term planning,
16 and modeling efforts intended to reduce net green-
17 house gas emissions in the United States through
18 sustainable economic development.

19 (b) SET ASIDE FOR MOST EFFECTIVE PROJECTS.—
20 For each fiscal year, 50 percent of the grant funds award-
21 ed under subsection (a) shall be awarded competitively for
22 projects that will reduce net greenhouse gas emissions—

23 (1) in the greatest quantity;

24 (2) most rapidly; and

25 (3) with the greatest degree of permanence.

1 (c) ANNUAL REPORTING BY GRANT RECIPIENTS.—

2 As a condition of receipt of a grant under this section,
3 each recipient shall submit to the Federal agency that pro-
4 vided the grant an annual report on the extent to which
5 the emission reductions that were anticipated in the appli-
6 cation for the grant have occurred.

7 (d) ANNUAL SUMMARY.—The President shall annu-
8 ally compile and publish in the Federal Register a sum-
9 mary of—

10 (1) the grants made under this section; and

11 (2) the net emission reductions due to the ac-
12 tivities assisted with the grants.

13 (e) AUTHORIZATION OF APPROPRIATIONS.—There is
14 authorized to be appropriated to carry out this section
15 \$2,000,000,000 for each fiscal year.

16 **SEC. 508. REPORT ON MODIFICATIONS TO REVENUE STAT-**
17 **UTES.**

18 Not later than January 1, 2004, the Secretary of the
19 Treasury, in consultation with the heads of other appro-
20 priate Federal agencies, shall submit to Congress a report
21 making recommendations for modifications to the Internal
22 Revenue Code and other statutes affecting revenue that
23 are expected to result in the reduction of net greenhouse
24 gas emissions in the United States below the levels that

- 1 would otherwise result in a doubling of concentrations of
- 2 greenhouse gases in the atmosphere from 1870 levels.